

Message Text

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11

ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-09 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-02 PA-03 PRS-01 USIA-12 AGR-20 CU-04

RSR-01 /193 W

----- 059203

R 150850 Z MAR 73

FM AMCONSUL HONG KONG

TO TREAS DEPT WASHDC

SECSTATE WASHDC 6298

INFO AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY LONDON

AMEMBASSY SAIGON

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FROM TREASURY BARNARD FOR TREASURY OASIA

E. O. 11652: N/ A

TAGS: EFIN

SUBJ: HONG KONG FOREIGN EXCHANGE MARKET

REF: HONG KONG 2304

1. TT RATE FOR US DOLLAR HAS BEEN STEADY ALL WEEK AT ABOUT HK\$5.09/5.10. ALTHOUGH SELLERS OF US DOLLARS COMING INTO MARKET, TRADING HAS BEEN LIGHT. EXCHANGE TRADERS REPORT THAT PATTERN OF HK AND SHANGHAI BANK ACTIVITY IN MARKET STRONGLY SUGGESTS THAT HK DOLLAR BEING SUPPORTED ON BEHALF OF HK EXCHANGE FUND PENDING REOPENING OF EUROPEAN EXCHANGE MARKETS. CONTINUING JUDGMENT OF HK EXPORTERS IF THAT HK DOLLAR OVERPRICED AT CENTRAL RATE OF 5.085 TO US\$1 AND EXPECTATION IS THAT HK DOLLAR WOULD FALL QUICKLY TO INTERVENTION LEVEL

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OF 5.1994 OR BELOW IF SUPPORT WITHDRAWN.

2. NICHOLAS DEAK, HEAD OF DEAK AND CO. HAD LONG INTERVIEW WITH
FINSEC HADDON- CAVE THIS MORNING IN WHICH FINSEC STRONGLY
INDICATED THAT HK DOLLAR STAY PEGGED AT PRESENT RATE TO US
DOLLAR NO MATTER WHAT HAPPENS NEXT WEEK. IF TRUE, THIS
REAFFIRMS LONG HELD HKG CONVICTION THAT HK DOLLAR MUST BE TIED
TO MAJOR TRADING CURRENCY - EITHER THE US DOLLAR OR
STERLING, WHCHEVER APPEARS STRONGER.
OSBORN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

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Draft Date: 15 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Authority: boyleja
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30 JUN 2005

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Subject: HONG KONG FOREIGN EXCHANGE MARKET
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LONDON
SAIGON
SECSTATE WASHDC
SINGAPORE
TOKYO
TREAS DEPT WASHDC

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005